



Project Report
Assessing Democracy
Assistance

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Assessing Democracy Assistance:

Egypt¹

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This report is FRIDE's contribution to a project entitled 'Assessing Democracy Assistance' that is being carried out by the World Movement for Democracy. The project aims to gather views on how democracy support can be improved and its impact enhanced. Other case studies and a synthesis report can be found at www.fride.org.

A window of social mobilisation in 2004–2005 left many hopeful that a democratic breakthrough in Egypt was near. Keen to improve its strained relations with the US government, the Mubarak regime opened up space for the media and civil society and allowed for the first multi-candidate presidential elections. A short period of boosting activism and mobilisation led to the founding of independent newspapers and brought citizens from all societal bearings to the streets to claim their rights under the anti-Mubarak slogan 'Kefaya' (Enough). This period of hope, however, came to an end following the 2005 parliamentary elections in which Muslim Brotherhood independent candidates were able to win 88 seats. Legitimised by the 'war on terror', the regime responded with a backlash and closed up most of the public space that it had previously opened. A set of constitutional amendments in March 2007 further reduced the space permitted to political parties and extended the state's security powers. The only serious presidential contender, Ayman Nour, was punished for having attempted to challenge Mubarak, and was sentenced to two years' imprisonment on fraud charges. Following pressure from the US, Nour was released in February 2009, but immobilised politically. The Muslim Brotherhood's 2005 electoral success enabled the regime to effectively sell to its international partners its skilfully engineered notion of a Mubarak-or-the-Mullahs choice. The regime has since been able to successfully defend this notion abroad and finds itself back in a comfortable tacit agreement with its Western counterparts, united in their preference for the status quo.

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What has remained of the Egyptian 'Arab Spring'? The Kefaya movement, weakened by clampdowns and internal ideological and personal divisions, has failed to mobilise the masses beyond its urban intellectual roots. Previously hailed as a broad coalition of pro-democratic individuals from across the political spectrum, united by their wish to counter Mubarak, the politically and socially heterogeneous movement was eventually eroded by the growing difficulties of creating meaningful internal consensus. At the same time, the government learned its lessons and demonstrations are now increasingly countered by the regime's optimised preventative capacities and a number of new legal restrictions. Most of the democratic gains have been reversed, and the regime has imposed some additional legal and de facto obstacles to activism, political competition and a free press. The permanent state of emergency, which provides the regime with practically unlimited powers to rule by decree, has remained in place since 1981 despite persistent domestic and international pressure and repeated contrary pledges by Mubarak himself. Egyptian democracy is in regression.

At the same time, the short period of organised civil disobedience substantially pushed boundaries for the space of media, civil society and citizen mobilisation. Activists are still astonished by all that was achieved during this short time, and some of its legacy remains. The media landscape has been considerably enriched by the creation of the first truly independent daily newspapers. Many new NGOs mushroomed during 2004–2005, many of which are now struggling for survival. More recently, an increasingly vibrant labour movement is gaining clout, with workers and taxi drivers demonstrating for their rights; something unthinkable before 2004–2005. The grassroots-based labour movement, having spread over the country following the massive demonstrations in the textile industry centre of Mahalla El-Kubra in 2007 and 2008, is now slowly starting to expand its demands from narrow socio-economic issues like wages and working conditions to broader political ones of labour rights and democratic representation. Although still at its beginnings and closely watched by the regime, the labour movement carries the hopes of those who would like to see Egyptian autocracy swept away by a popular mass movement à la Eastern Europe.

Egypt now looks to the 2010/11 elections, in which the ageing Hosni Mubarak is expected to pass on formal power to a designated heir. Not surprisingly, the 2011 presidential elections are seen as a crossroads for the country's future policy direction. The issue of 'succession', far from being resolved, is keeping the country in a tense stalemate. Mubarak's son Gamal has long been considered a front-runner, but he is unpopular among the people and even among significant parts of his own ruling National Democratic Party (NDP), and has no backing in the military. A number of other names also regularly pop up, but none appears as an obvious successor who would guarantee a smooth, stable power transfer. Nervous about the insecurities of the succession, the regime now takes a firmer hand than ever with any attempt to seriously challenge its stability. More recently, further fuel has been added to the fire by the appearance of former IAEA head Mohammed ElBaradei on the Egyptian domestic scene as a possible Mubarak contender in the 2011 presidential elections, and the significant mobilisation around him. With succession acting as a sword of Damocles over the regime's head, no democratic openings are to be expected. Mubarak, observers say, has 'created a successful waiting game'.

Western governments' efforts to support democracy in Egypt have had a very limited impact. Probably more than any other country in the region, US and EU governments' bilateral relations with Egypt are forcefully embedded in the regional context, focusing on Egypt's role as a regional power broker. US and EU concerns with Egypt's domestic situation are routinely overshadowed by regional security concerns in the region's many hotspots, for which the Mubarak regime is considered an indispensable partner. Western governments' primary interest in the stability of the Mubarak regime stands in fundamental contradiction to the goals of their respective democracy assistance programmes in the country. The result is a marked policy incoherence which seriously affects the potential impact of democracy assistance in Egypt and perpetuates the West's (and especially the US's) credibility deficit in the region.

Overview of donor activities

The spectrum of 'donors' (a term used, for the purpose of this study, to denominate all governmental and non-governmental foreign agencies and organisations providing financial and/or technical assistance) in Egypt is very broad, encompassing multiple actors, goals, approaches, and funding levels. Egypt is known for its abundance of international aid, and several donors report allocation and absorption problems. Some governmental aid agencies give huge grants, other actors are very active and successful in supporting small, targeted services-driven activities, technical cooperation and training. In terms of volume, the biggest donor in the area of democracy, governance and human rights is the United States via USAID, followed by UNDP and the European Commission. Other important actors in this area include the Netherlands, Sweden (SIDA), the UK, Canada (CIDA), Finland, the World Bank, NED, NDI, IRI, the Ford Foundation, Freedom House, OSI, Oxfam, IFES, the German Party Foundations FES, KAS and FNS, and many others are active in related areas.

Donors active in the area of democracy, governance and human rights coordinate their activities in the so-called Participatory Development and Good Governance (PDGG) group, an informal gathering of donors that meets roughly every two months. The PDGG group is one of 8 thematic subgroups of the general Donor Assistance Group (DAG, recently re-named Development Partners Group, or DPG) which is coordinated by UNDP. The PDGG group's rotating co-chairmanship is currently held by the Dutch Embassy and the Ford Foundation. Members of PDDG include most major donors in this field. Participation in the group is by invitation, but is said to be open to any interested international donor, however some of the smaller donors, such as the German Party Foundations, claimed to have never received an invitation to join. The group's objective is mainly to exchange information on activities and experiences and discuss specific topics of common interest (such as the changing political context; cooperation with specific actors such as the National Council for Human Rights (NCHR); or the new NGO Law). External speakers are invited to talk about specific topics (for example, legal reform projects). Members can create sub-groups on specific issues they share a special interest in. Currently there is a sub-group dealing with the upcoming elections, led by the Dutch and British embassies, evaluating the donors' experience of the last elections and looking at possibilities to coordinate their funding efforts for the monitoring of the 2010/11 elections. Beyond the exchange of information and closer coordination on specific issues, an effective general **donor coordination** in the field of democracy and governance in the sense of a division of labour was declared unfeasible, due both to the vast array of funders present in Egypt and some donors' reluctance to coordinate activities in this field more systematically. In addition to the PDGG, there is also a donor coordination sub-group on civil society assistance, called the Community Initiative Network Group (CING), which is currently chaired by Finland. Some smaller informal groups of organisations from the same country of origin also meet and reportedly coordinate their activities more systematically.

Donors' overarching **strategic approaches** can be divided in two groups: those trying to influence mindsets and support reforms mainly within the governmental structures, and those who concentrate on building capacities outside of the political establishment. While this division roughly reflects the typical focus of governmental and non-governmental donors respectively, in practice the reality is somewhat more nuanced. After the end of the 2004/5 protests and recent decreases in Egyptian democracy, there is little illusion among international donors as to what can be achieved in Egypt in the current climate. Most have abandoned the idea of short-term breakthroughs, and although it remains clear that national, systemic reforms cannot be carried out without the political establishment, many feel that they have hit a brick wall with the government and the ruling National Democratic Party (NDP). Some donors are therefore switching their approach towards a stronger focus on long-term institution building, civil society capacity building and grassroots empowerment. In their relationship with the government, many donors (such as the EC) are increasingly focusing on those areas where success is most likely to be achieved, meaning comparatively apolitical areas, such as women's and children's rights. In doing so, they profess to be 'trying to slowly open up taboo topics', with some success (for example female genital mutilation). Rather pessimistic that anything meaningful can be achieved in the current stalemate, they claim to be 'waiting for succession' while pragmatically focusing on confidence-building with the regime. Another trend among donors is a switch from civil and political rights

towards a stronger focus on economic and social rights (for example FES), some in the intention of using the latter as an entry point to get to the former (such as the Ford Foundation). Broadly speaking, most donors tend, in one way or another, to support more indirect forms of democracy support.

In terms of **partners**, governmental donors naturally channel the bulk of their aid through regular bilateral cooperation channels. Asked about impact they often argue in favour of local ownership and point to the need for confidence-building. Equally important, donors often hope that building a constructive relationship and supporting government institutions will buy the regime's approval for other, more sensitive activities. However, where lengthy periods of 'confidence-building' are not followed by more tangible activities to advance democratic governance and human rights, in many cases it remains unclear what policy objectives the proclaimed confidence-building is actually designed to serve. Several donors profess their intention to develop a stronger grassroots connection (such as FF). In this line, some non-governmental actors (for example NED) have reoriented their approach from working with reform-minded parts of the NDP establishment towards a stronger emphasis on the long-term empowerment of the new generation of activists, which implements new ideas using tools and resources that are worth supporting. Moreover, these donors devote increasing attention to groups with a strong grassroots base that are able to build ties between local constituencies and their elected officials.

In terms of **themes**, official development assistance (ODA) funding focuses principally on administration of justice, fiscal and administrative reforms, decentralisation, women's and children's rights, youth empowerment, and to a lesser degree on anti-corruption, public expenditure and accountability measures. With a few exceptions, cooperation with the judiciary concentrates on the administration of justice rather than on the rule of law. In the areas of civil society, human rights etc., most ODA grants are channelled through governmental or semi-governmental bodies (for example the National Council for Human Rights; the National Council for Women; the General Federation of NGOs and Foundations; the Information and Decision Support Center at the Prime Ministers' Office). Several of these organisations also receive considerable institutional support.

Funding levels to NGOs typically range from smaller grants of around USD 20,000 (for example NED) to USD 1 million (USAID). Funding to government institutions is considerably higher (see Table 1). In recent years, donors have reduced the funding ceiling to NGOs. Several well-established but non-grant-making actors provide technical assistance, capacity-building and training (such as the German *Stiftungen*). Some donors have a notable presence in specific sectors (for example CIDA in women's participation). In line with the trend towards more indirect forms of democracy support, with a few exceptions, themes at the core of democracy such as political party development, strengthening the role of parliament, the independence of the judiciary and other key democratic institutions, are practically absent. A few non-governmental donors have been developing some low-key activities in political party development (such as NDI, IRI, FES), but most have gotten into trouble for it at some point, especially when their activities were targeted at non-registered parties or included members of the Muslim Brotherhood. In 2006, the government temporarily halted IRI's and NDI's activities. Due to increased tensions with the government over the last few years, the few donors working on political party development have increasingly adopted a low profile.

The **United States** are providing democracy assistance in Egypt through three main channels: USAID, the Middle East Partnership Initiative (MEPI), and the State Department's Bureau for Human Rights, Democracy and Labor (DRL). USAID is the most significant foreign donor in Egypt in terms of funding, with 4 per cent of total bilateral ODA being assigned to democracy and governance projects. USAID's budget earmarked for Democracy and Governance fell from an annual average of USD 51 million in 2006–2008 to USD 20 million in 2009 (later increased to 25 million for both 2010 and 2011). According to USAID officials, this reduction is proportional to the overall gradual reduction of US ODA to Egypt. Cuts in direct civil society funding, however, are especially severe (73 per cent compared to 2008). USAID democracy assistance is provided both under a bilateral agreement with the Government of Egypt as well as directly to civil society organisations. In addition, MEPI and DRL have been directly or indirectly funding civil society programmes in Egypt with a budget of around USD 1.3 million and USD 2 million, respectively (financial year 2009). USAID has been providing direct funding to Egyptian NGOs since 2005. Since 2009, however, USAID's approach stands out

for funding only associations registered under the restrictive Egyptian Associations Law ('Law 84'), thereby giving the government an indirect control mechanism over its NGO funding. This self-constraining policy was introduced at the beginning of the Obama administration, and has been sharply criticised by Egyptian NGOs, many of which are registered under other legal forms. The decision led prominent exiled democracy activist Saad Eddin Ibrahim to publicly comment that Obama was letting Egyptian civil society down and giving up on democracy. In response, the US Ambassador in Cairo issued a statement giving the figures of how many dollars the US had given to Egyptian civil society over the past few years. MEPI and DRL funding, however, supports programmes from various types of local and international civil society organisations, including those not registered under Law 84. Total US annual bilateral assistance going to Egypt amounts to USD 1.56 billion, 1.3 billion (84 per cent) of which is military and security aid. Finally, the US government is considering its Egyptian counterpart's request to pay US aid to Egypt into an endowment directly administered by the Egyptian government. The creation of such a 'Mubarak endowment' would remove direct US Congress oversight over the use of US economic aid to Egypt.

Table 1: Governmental donor interventions related to democracy, human rights, governance (not exhaustive):

Theme	Project	Donor	Amount
Fiscal reform	Fiscal reform	IMF	N/A
Fiscal reform	Public expenditure review	World Bank	N/A
Public administration reform	Administration of Justice	USAID	USD 20.4million
Public administration reform	MWRI reform / capacity strengthening	Netherlands	N/A
Public administration reform	Democracy and Governance Activities (human rights; elections, civil society and political processes; decentralization; rule of law; media; and anticorruption)	USAID	USD 28 million
Public accountability	Initiatives in Good Governance and Participation	USAID	USD 34.7million
Public accountability	Country Financial Accountability Assessment	World Bank	N/A
Research	National Human Development Report	UNDP	USD 300,000 USD 2 million USD 868,000
Decentralisation	MISR	Netherlands	USD 2,403,500
Decentralisation	Support to General Foundation of NGOs and Foundations (GFNF)	UNDP	USD 707,000
Decentralisation	Public Expenditure Review	World Bank	N/A
Political and legislative environment	Partnership for Progress and Reform (women, information society, good governance and human rights)	DANIDA	DKK 3 million
Political and legislative environment	Training courses for lawyers and human rights activists	DANIDA	DKK 687,193
Political and legislative environment	Local cooperation fund	Finland	EUR 350,000
Political and legislative environment	Anti-Corruption Commission (through UNDP)	Netherlands	EUR 1,930,000
Political and legislative environment	Capacity building in Human Rights of UNDP and MOFA	SIDA	SEK 6,200,000
Political and legislative environment	Support for BRIDGE training for electoral process stakeholders	UNDP	USD 275,000
Political participation (youth, women)	Arab Women Parliamentarians of UNIFEM	SIDA	SEK 12,000,000

Theme	Project	Donor	Amount
Review legislation on political activity	Training of judges (through UNDP)	Netherlands	EUR 1,077,973
Strengthening the role of women	Participatory Development Program (PDP)	CIDA	CAD 14.7 million
Strengthening the role of women	FGM Free Village Model	CIDA	CAD 500,000
Strengthening the role of women	Equal opportunity in the National Budget	Netherlands	EUR 1,510,000
Strengthening the role of women	Legal aid and dispute settlement offices in family courts	UNDP	USD 212,000
Strengthening the role of women	Gender Monitoring and Evaluation	UNFPA	USD 1,099,595
Strengthening the role of women	National Council for Women institution building	World Bank	N/A
Strengthening the role of women	National Council for Children and Motherhood institution building	World Bank	N/A
Youth	Civic Education Programme	UNICEF	USD 550,000
Dispute settlement between state and individuals	Regional Network of Ombudsman Institutions hosted by Egypt's National Council for Human Rights	SIDA	SEK 730,000
Dispute settlement between state and individuals	Strengthening the capacity of Parliament	UNDP	USD 200,000
Dispute settlement between state and individuals	Capacity building in human rights	UNDP	USD 4,374,000
Dispute settlement between state and individuals	Support to e-Government initiatives	UNDP	USD 4,100,080

Source: Donor Assistance Group (DAG), Egypt

In contrast to USAID, MEPI is much freer in the selection of its partners and grantees. MEPI also stood out as the donor most reluctant to release information about its activities. No information on MEPI funding, approach and activities in Egypt, requested for the purpose of this study, was made available either from the US Embassy in Cairo, the regional MEPI office in Tunis, or the MEPI office at the State Department, within the six-month research period.

The **European Commission (EC)** channels democracy assistance through three main budget lines: the bilateral EU-Egyptian cooperation programme via the European Neighbourhood Partnership Instrument (ENPI); the European Instrument for Democracy and Human Rights (EIDHR) which provides direct civil society funding; and the Development Cooperation Instrument (DCI) thematic programmes. In the bilateral programme via ENPI, approximately EUR 39 million have been earmarked for human rights and good governance issues for 2007–2010, corresponding to 7 per cent of the total amount allocated to Egypt for this period (EUR 558 million). In order to allocate this amount and fulfil the goals outlined in the EU-Egyptian Action Plan under the European Neighbourhood Policy, the Commission launched two projects in 2008: 'Promotion and Protection of Human Rights and Civil Society' (EUR 17 million) and 'Support to Political Development, Decentralisation and Good Governance' (EUR 3 million). For 2010, the Commission is preparing two projects: 'Modernisation of the administration of justice' and 'good governance', for a global amount of EUR 19 million. All these operations are decided jointly with the Egyptian authorities, and mainly focus on institutional building of semi-governmental structures such as the National Council of Human rights, the National Council for Women and the National Council for Childhood and Motherhood. While under bilateral programming, grants are also

given to NGOs, these are channelled through government bodies (for instance, in the case of the Social Fund for Development (SFD) which awarded 118 grant contracts for an amount of EUR 8,397,800). Under the EC's Development Cooperation Instrument (DCI) thematic programmes, EUR 300,000 was allocated for gender projects. Under various regional programmes, the EC moreover allocated limited additional funds for gender, migrants' and refugees' rights and rights of the disabled, among others. The only funding instrument under which the EC is able to fund NGOs directly and without government clearing is the EIDHR. Funding under this instrument is, however, very limited and will be further reduced in the coming years. Under the EIDHR, EUR 900,000 has been allocated in grants to Egyptian NGOs and civil society entities in 2008 and 2009, respectively. In addition, under the regional component of the EIDHR, the EC is financing Egyptian NGOs' human rights advocacy and protection for the Arab region for around EUR 454,000.

In addition to the activities of the Commission, various EU member states developed separate activities in the area of democracy and human rights, through both their Embassies and their respective implementing agencies. The Netherlands, Sweden and Finland were particularly active in this regard. By contrast, the Mediterranean EU member states were conspicuously absent in this field of assistance, and tended to block a stronger EU line. On the whole, EU member states' activities in this field were very limited in volume and ambition. EU member states, it is commonly argued, see Egypt as a business and security hub, to the detriment of a stronger focus on human rights and democracy. In doing so, admits an EU bureaucrat, 'we certainly disappoint Egyptian civil society'. Some member states, such as Italy, have such a close bilateral relationship with Egypt that they do not want to compromise on domestic political issues. Commission staff and Embassy officials in Cairo also regret that EU community-level policies – in particular the ENP's conditionality rationale – are incoherently applied, and acknowledge that for the EU to have a meaningful impact, EU member states would have to deliver a more consistent message.

The **European Parliament (EP)** is known to defend much more decided stances on democracy and human rights than EU executive bodies. In March 2005, a visit by a group of MEPs to Cairo contributed to the first release of Ayman Nour, enabling him to run in presidential elections. Many Egyptian rights activists are critical of the way the EC and member states' governments are watering down strong EP stances on democracy and human rights issues. In January 2008, the EP issued a strong resolution³ concerning the democracy and human rights situation in Egypt, which Egyptian rights activists appreciated as reflecting the current Egyptian reality faithfully and in no uncertain terms. In response, the Egyptian Ministry of Foreign Affairs called in all European ambassadors for a special meeting in the Ministry. Egyptian activists sharply criticised the EC's and some member states' lack of concrete support and even opposition to the resolution's explicit political content (some Embassies reportedly tried to water it down vis-à-vis their Egyptian counterparts).

Governmental donors in Egypt vary in their approaches towards **conditionality**. The US under the Bush administration was notorious for its pressure- and coercion-based approach to aid conditionality, although in practice the conditionality principle was unevenly applied. Negative conditionality towards Egypt, although often discussed and proclaimed, was not formally implemented. In December 2007, the US Congress for the first time passed a bill that conditioned USD 100 million in military aid to certain democracy-related conditions (a halt in Egypt's smuggling of weapons into the Gaza Strip from the Sinai Peninsula, the implementation of judicial reforms and a stop to torture by the state police). In March 2008, however, in need of Cairo's cooperation in cooling tensions between the Israeli army and Hamas in Gaza, Secretary of State Condoleezza Rice issued a waiver of the bill.⁴ In September 2008, Saad Eddin Ibrahim made the headlines when he publicly called on the US Congress to condition its USD 1.5 billion annual aid to Egypt on the elimination of the emergency rule, judicial reforms, and the lifting of restrictions on media and political parties.

³ European Parliament resolution of 17 January 2008 on the situation in Egypt, <http://www.europarl.europa.eu/document/activities/cont/200803/20080306ATT23099/20080306ATT23099EN.pdf>

⁴ See Nora Boustany, Dissident Lobbies for Conditions on U.S. Aid to Egypt, Washington Post, 23 September, 2008.

Under Barack Obama, the nominally confrontational Bush approach appears to have given way to a decidedly partnership- and dialogue-based one. Positive aid conditionality still formally forms part of some smaller US budget lines, but is in practice not implemented consistently. Since Obama became president, US-Egyptian relations have been decidedly friendly, and criticism on human rights and democracy issues is mainly being voiced behind closed doors. On specific emblematic cases such as the Saad Eddin Ibrahim and Ayman Nour trials, pressure has been exerted successfully by both the Bush and the Obama administrations. Embassy staff reported that the West had been coordinating its efforts regarding Ayman Nour behind closed doors, 'although not very effectively'. The timely release of Ayman Nour was by seen many observers as a tacit asset swap in the run-up to Mubarak's official visit to Washington, meant to bring Egypt back in from the cold. Beyond these emblematic individual cases, pressure to end oppression of political activists has been negligible or, in the case of Islamist activists, inexistent. As initial enthusiasm for the 'anti-Bush' Obama is wearing off, Egyptian democracy activists increasingly criticise the US's apparent switch of policy away from democracy promotion towards a stronger focus on solving pressing regional issues. Concrete policy changes in Egypt, such as the USAID decision to bow to the government's pressure of not funding any NGOs not registered under the controversial association's law, provide evidence that these views are not unfounded.

As the European Commission has a generally partnership-based approach, negative aid conditionality and forceful pressure are eschewed. While EU bilateral policies towards Egypt are based on a far-reaching positive conditionality rationale, in practice they are only incoherently applied. Bilateral deals with specific member states (such as Italy) on visas or trade often outweigh EU community policies and torpedo the latter's conditionality rationale on a regular basis. Under the European Neighbourhood Policy (ENP) that governs bilateral relations between Egypt and the EU economic reforms specified in the ENP Action Plan have advanced notably well. The approach has proven reasonably ineffective where politics is concerned, as the EC itself noted in its last ENP progress reports. Under the ENP framework, the Egyptian government has also been keen to obtain an upgrade of bilateral relations similar to the 'advanced status' recently granted to Morocco. In doing so, however, the Egyptian government resisted any EU attempts to link this upgrade to greater commitments to political reform. The Mubarak regime's hesitance to formulate its vision of the content of such an upgrade further suggests that its main incentive is the symbolic acknowledgement of the 'strategic relationship' between Egypt and the EU, rather than the actual policy substance.

EC officials largely ascribe the slow progress to the Egyptian government's unwillingness to commit to deeper reforms, and the EU's limited leverage to press any further. They also argue that the huge US development and military aid levels to Egypt substantially reduce EU leverage. However, the EU is far from fully having exploited its leverage potential. While nothing the EU has to offer is likely to bribe the Mubarak regime into systemic reforms, a number of significant incentives which are at the heart of Egyptian interests, such as the opening of agricultural markets or a far-reaching visa liberalisation, have not been employed by the EU under a conditionality rationale. On the contrary, coordination between the Commission's trade and external relations directorates in this regard has been so defective that the former has been able to negotiate a gradual liberalisation of agricultural trade and fisheries with the Egyptian authorities, without either the latter or the EC Delegation in Cairo being involved. One member state representative commented that this was a matter of interests, as after all: 'the trade agreements are not something the EU does out of altruism'. There is also a 'visa war' currently going on among member states (Italy has a bilateral visa agreement with Egypt). The ineffectiveness of the EU's nominal conditionality approach thus appears largely self-made and rooted in internal disunity.

Local views on international democracy assistance

Among the factors that weaken the impact of democracy funding, there are structural factors rooted in current Egyptian domestic realities, over which donors have little or no influence. On the other hand, there are a whole range of factors that have their origins in donor programming and policy. Among the structural factors, legal and administrative hindrances make it difficult for democracy activists to operate and for international donors effectively to support those activities. Such formal and informal hindrances, in particular for political parties and NGOs, are numerous: harassment and administrative obstacles to legally register, open bank accounts, rent premises and hold events and rallies in public places are just a few of the constraints faced by

Egyptian NGOs and democracy activists. Moreover, NGOs and anyone working on sensitive political issues are subject to constant harassment by the Egyptian secret service SSI, which functions as the gatekeeper of public space. In many instances, activists also report that the receipt of foreign assistance, especially funding, further increases the level of harassment and surveillance. It should be noted that many of these hindrances also apply to foreign non-governmental organisations. In particular, many foreign NGOs working on democracy assistance are having trouble registering in Egypt, and some (such as NDI, IRI, IFES) are deliberately kept in a legal limbo that forces them to keep a low profile and refrain from crossing certain red lines with the government.

Civil society projects in the areas of democracy, human rights and democratic governance are funded by most donors, to varying degrees. Egypt is often noted for the large number of donors present and huge amounts of money available, which is in principle judged as very positive by democracy activists. In financial terms, Egyptian political civil society depends entirely on foreign funding to survive. No public domestic funding is available to NGOs working on these issues. Private donations to religious institutions and charities have deep cultural roots. The business sector is largely interwoven with the NDP, and the few private donors who might be willing to donate to the cause of supporting human rights and democracy refrain from doing so out of fear of personal and professional harassment. At the same time, Egypt is flooded with foreign donors seeking promising grantees, and their presence is the life support of political civil society in Egypt, which otherwise could barely subsist. However, the **surfeit of funding** also comes with a number of negative side effects. On the donor side, the high amount of donors present and the vast sum of funding available sometimes generate competition among donors for the most attractive partners, projects, themes and impact opportunities. Some donors report that other donors 'steal' their partners, themes or projects. As a result, instead of effectively dividing labour, donors' portfolios are very broad and often lack coordination with donors active in the same sectors.

On the other side, many donors complain that the funding situation has led to the **corruption of civil society**, some of whose members see proposals as business and donors as an easy way of making money, sometimes to line their own pockets. Temptation is great in a country as poor as Egypt when big funds are involved, and activists report that they have seen many NGO workers suddenly get a new car or flat after their organisation receives international funding. Over the last few years, most foreign donors in Egypt have embarked, in one way or another, on a process of reflection on the impact of their work, including funding levels. Until recently, the tremendous amount of funding blew everything out of all proportion; beneficiaries demanded exaggerated rates to the detriment of serious, committed activism. This had a very negative impact. Eventually, donors reacted by decreasing funding levels. For example, USAID lowered its grant ceiling to NGOs from USD 1 million to USD 300,000. Civil society's reaction to this has been mixed. While activists recognise the corrupting tendency of high funding levels on some Egyptian NGOs, many ascribe this effect to unfortunate allocation and oversight mechanisms rather than to overly high funding levels. They reject the notion of Egypt being 'over-funded', and stress that instead of reducing funds for Egypt, donors should split up their money into smaller packages and guarantee efficient oversight. Many activists however also point out that some donors need to better understand that impact is not primarily a question of money, but of commitment and efficiency.

The past few years have seen much debate on NGO corruption. Activists admit that it is a serious problem, but at the same time they point out that government corruption is significantly higher and that the recent media campaigns distort the image of civil society as a whole as corrupt and untrustworthy, in the interest of the regime. Donors have contributed to this corruption by conceding too much money with ineffective **oversight and accountability mechanisms**. In some cases, donors have even rejected proposals on the basis that the amount requested was too low. Such cases suggest that needs assessment and capacity were not driving allocations, but that agencies mainly needed to 'get rid of their funds'. Some NGOs would therefore like donors to allocate their money on the basis of a previous impact evaluation of NGO activities, or at least invest more time and capacities to meet and discuss with potential partners. Election monitoring by USAID, in which up to USD 1 million was given to NGOs to train a few hundred election monitors, was frequently cited as a notorious example of a donor funding activity with very limited impact that corrupted civil society. With regard to government accountability for foreign funding, activists engaged in public budget monitoring

demanded that donors establish tighter control mechanisms over public expenditure in governmental bodies and government-operated non-governmental organisations (GONGOs). They observed that budget support to the government was generally a bad idea considering the levels of corruption, which made sure that money was distributed among government cronies, and foreign donors were fooled by manipulated figures and documentation. Instances of corruption in the National Council for Human Rights (NCHR) due to the lack of effective, sufficiently firm oversight by UNDP, and a case of allocation of money by Freedom House based on personal relationships were mentioned as notable examples in this regard.

Closely related to this, most foreign donors in Egypt complain about the great **competitiveness, personalisation and low professionalism** among civil society organisations, which they say strain their search for suitable partners. Civil society in Egypt is broad and vibrant, but also institutionally weak, scattered and polarised, with many ideological divides. The differing visions of the various leaders and groups often lead to significant clashes, to the detriment of their image, credibility, unity and efficiency. Frequent conflicts of personality further weaken organisations' effectiveness. Many NGOs are 'one-man shows' with an omnipotent director presiding over a serving multitude, thereby sadly reproducing the very model of governance their organisations seek to criticise. This personalisation, especially in the more established organisations, is fatal for the creation of capacity and the empowerment of new elites. The same few individuals always appear in the media, get all the invitations, travel abroad and receive training, and function as gatekeepers of their organisations' external relations. Not surprisingly, increasing conflict between the old and the young generation of activists is noticeable, in both thematic focus and methods. While the old generation of activists often focuses on the promotion of human rights, and only changes their mission to adapt to changing funding requirements, the new generation has a broader focus on systemic democratic reforms and rotation of power and wants to try out new ideas, resources and approaches.

The younger generation is increasingly creating splinter groups from the established human rights organisations that often are much more dynamic but struggle for financial survival. According to one NGO activist, Egyptian civil society's bad reputation is partly justified, but does not apply to all organisations alike. Indeed, a lot of young organisations founded in the aftermath of the 2004/5 protests, with innovative ideas and led by committed, motivated individuals, are having trouble attracting foreign funding due to their low institutional capacities. Many activists, however, share the donors' concerns about civil society, and see optimising allocation mechanisms and programming priorities as the key. In particular, broader and more decentralised capacity-building and training activities in key skills such as institutional and financial management; strategic planning; lobbying/advocacy; international campaigning and media work; fundraising, as well as in the different fields of democracy, would empower a new generation of professionally prepared activists.

Most donors admit that in the past, unlike other aid areas, democracy and human rights activities have often focused too much on the greater Cairo area. This **geographical concentration** was increasingly seen as inefficient, as it made partnerships un-dynamic and hampered impact potential. In line with the tendency to seek a stronger grassroots connection, many donors are in a process of further decentralisation of their project activities. Some donors (such as the Ford Foundation), who lack the capacity to employ more local staff or travel much in the governorates, fund Cairo-based organisations that work in a decentralised manner. Donors who have already decentralised their activities also tend to face less of the corrupting effects of civil society 'overfunding', as those from the governorates do not usually have access to funds and training, and are widely considered as highly motivated and grateful for assistance. Donors providing smaller grants were considered promising when they had a grassroots connection and thus a better understanding of civil society's real needs (for example OSI, Ford Foundation, NED). In some governorates in Upper Egypt, local partners ensured foreign donors' access where otherwise the SSI would not have let them in. So far, however, some governmental donors and Embassies in particular rarely venture into the governorates and still concentrate most of their efforts and resources in the field of democracy and human rights on the capital, on the basis that 'this country runs out of Cairo'. Only a few non-governmental actors (for example NDI) undertook notable systematic efforts to identify new interesting partners by extensive travelling to the governorates to meet and discuss with local activists personally.

At the same time, a weakness that reduces impact substantially, according to many local activists, is the strong concentration on the same 'international darlings'. Most foreign donors tend to work with the same partners over the years; a handful of well-established, well-known and well-connected human rights organisations that consequently get most of the money and capacity building. The same applies to individuals: a small number of famous activists contrast with an unknown, unheard and untrained multitude. Only a handful of people get all the attention, all the funding, invitations, study tours and travel abroad. But smaller NGOs in particular argue that broader technical assistance and training are very important if civil society at large is to be developed. They demand that donors diversify their partner portfolio and reach the new generation, instead of always supporting the usual suspects. Donors rightfully argue that the general capacity to write and execute decent proposals in Egypt is very low, and that resulting absorption problems lead them to rely on established partners. Smaller and younger civil society organisations criticise this policy, as it cements the monopoly of the same actors over political discourse and advocacy and inhibits the entry of new voices, ideas and approaches into the political arena. This high **personal and institutional concentration** on the same 'old generation' of established actors is especially significant given that many of the young, progressive new NGOs founded during and in the aftermath of the 2004/05 protests have few opportunities to build their capacities and run the risk of going out of business due to lack of financial resources. Only a few donors (such as NED) explicitly welcome proposals from small, young organisations. Some organisations explicitly seek new target groups (for example, KAS civic education for imams). However, it is still fair to say that the international donor community's concentration on the same actors risks undermining the sustainability of the 2004/5 institutional legacy; the institutional consolidation of a 'young/new generation'. Activists therefore demand a de-concentration of funding and capacity building in terms of partners and geography, and a greater focus on grassroots, marginalised constituencies and the young generation of activists.

The fundamental differences between governmental and non-governmental donors are considered to be that the latter tend to have less bureaucracy and a better understanding of the needs of NGOs, but also less money and influence than the former. **Bureaucratic constraints** further contribute to concentration, as governmental donors' application processes in particular exceed the capacities of most small, rural NGOs. The level of bureaucracy involved in funding applications is too high, and it takes 6–12 months from sending the proposal to receiving the money. Activists also criticised the high staff turnover, with those in charge changing every 1–2 years. This is not conducive to an accumulation of experience. In some donor agencies there is more local staff, in others more foreigners. The local staff should guarantee continuity of programming over time and speak Arabic. Some activists think that decision-making and strategic planning should be done by international staff, which is usually better trained. The European Commission is notorious for having the most complicated, bureaucratic and lengthy application process: this is a significant stumbling block to any NGO that is not used to the language, procedures and peculiarities of international proposal-writing. The EC Delegation in Cairo does not have a slush fund that would give it some flexibility in terms of funding, as some Embassies do. The Brussels-steered NGO funding mechanism EIDHR does have a special fund for politically sensitive/urgent issues that can be quickly allocated, but funding information on this is not publicly available. Being a government agency, MEPI's administrative procedure is also difficult, and the process of negotiation and approval of the budget takes a long time. Moreover, after approval, MEPI personnel were reportedly very inflexible regarding budget adjustments. Donors with a more flexible funding mechanism, such as NED, are highly appreciated by NGOs. However, there is also a downside to the non-bureaucratic approach: the young generation of small start-up NGOs does not always have the focus and capacity needed, which affects their effectiveness negatively, even if this is just a 'growing pain'. Governmental donors overwhelmingly argue that the high level of bureaucracy is due to governments' need to be accountable for taxpayers' money. While activists share donors' concern regarding accountability, they believe that many of the bureaucratic provisions are not only unnecessary for accountability but counterproductive with regard to the donors' objectives, as a high bureaucracy threshold favours further concentration and limits impact.

On top of other bureaucratic funding constraints, with a few notable exceptions, almost all donors accept final proposals in English only. This creates an extra workload for most established Cairo-based NGOs, but often presents an insuperable problem to small rural NGOs who do not speak English well enough to translate their proposals and lack the financial resources to commission a translation. The **language**

issue thus easily becomes a threshold for exclusion and further geographical and institutional concentration. However, a number of non-governmental donors (for example NED, Ford Foundation) accept not only initial concept notes but full proposals in Arabic.

A very common criticism from both non-governmental and governmental recipients is that funders (such as USAID) attempt to impose a predefined **'foreign agenda'**, instead of basing allocations on a local needs assessment. However, openness to different kinds of initiatives is appreciated, as opposed to thematically limited calls for proposals. Egyptian activists evaluated very positively non-governmental donors that do not dictate specific ideas or themes but are open to new local ideas and dynamics (such as FES). The predefined thematic constraints not only present the donor in question in a negative light, but also ignore local ownership and thus are unlikely to have a major impact. In addition, a predefined agenda has contributed to the 'businesslike' attitude among civil society, as NGOs drew up programmes not on the basis of what they considered most relevant, but in order to get access to the funds. Some activists point out that the unavailability of domestic funds ultimately leads to funding availability determining the objectives. This is counterproductive and contributes to the scattering of civil society and the absence of a shared strategic approach.

Evidence for this abounds. In many instances donors funded projects that civil society either did not consider relevant anymore, or in which the employed resources were disproportionate to the endeavours' relevance and impact. Most activists were not aware of any major donor whose programming is based on a previously conducted needs assessment. Activists also lamented the lack of consistent programming and of a coherent long-term vision of aid policies, with some donors' programme priorities changing constantly (for example USAID funding eligibility criteria changing three times between 2003 and 2006). One activist complained that for many donors, partnership with NGOs meant a joint discussion about what to do, followed by unilateral changes of opinion and the donors doing as they wish. On the other hand, it was admitted that some groups did want more structure and to know exactly what the donor wants. This is particularly the case for those NGOs who have experience of seeking foreign funding, some of them even recurring to professional proposal-writers. For such NGOs it is of course easier when donors have very clear guidelines and the process is not too open. On the whole, however, activists urge donors to establish more flexible funding mechanisms, based on a local needs assessment developed through genuine dialogue.

Often, impact potential was reduced by a **donor's negative reputation**. If the US was the nation most suspected of wanting to impose a 'foreign agenda', USAID was by many seen as this agenda's main financial arm. Consequently, many NGOs were reluctant to seek USAID funding, and/or looked critically at those NGOs who did. Although most activists thought that USAID staff in Egypt included genuinely committed individuals, they sharply criticised the agency's methods and approach. Most notably, USAID was widely criticised for 'spoiling' activists with too much money and a fancy lifestyle, all of which contributed to the corruption of committed activists who then became increasingly detached from their grassroots. MEPI is less known than USAID and consequently attracts less attention. Among the Egyptian media, however, some interviewees noted that MEPI was notorious as a 'Zionist project', supposedly aimed at creating a 'broader Middle East' that includes Israel. Being directly connected to George W. Bush's Broader Middle East Initiative, MEPI's ideological reputation among committed activists was largely negative, and many of them refrained from seeking MEPI funding. A reception for MEPI grantees at the US Embassy soon after the inception of MEPI, which was heavily criticised by Egyptian media, was judged by NGO representatives as a tactical mistake which further impacted negatively on the way MEPI is seen in Egypt. Some activists report that MEPI allocations in Egypt had been a 'total fiasco', as the fund was attracting mainly 'gold-diggers' and SSI set-up organisations. Apart from USAID and MEPI, other American donors such as NDI or NED rarely have difficulties because they are not very well known, and few are aware that their funding stems from official sources (US Congress). Privately funded American donors such as the Ford Foundation, in spite of sometimes being erroneously perceived as US government agents, enjoy a generally positive reputation built up during various decades of presence in the country.

The reputation of European donors is not as negative as that of its US counterparts. The latter occupies a large space in Egyptian mentality and media, while there is less awareness of EU policies in general. The European Union (EU) is seen as a quiet funding source with good intentions that creates no problems but also does not act on anything substantial. People are aware that the EU funds economic institution-building in Egypt, but its funding activities in democracy and human rights are comparatively little known. Possible reasons for this reduced visibility include the low profile EU government statements adopt with regard to democracy and human rights issues, and the fact that, until a few years ago, the EU did not want any public acknowledgement of its funded activities. The German party foundations, with a long trajectory in Egypt, enjoy a positive reputation for their technical assistance and training, but lamented having difficulties in winning attractive partners due to the fact that they do not make grants. On a more general note, however critical an attitude NGOs might have towards foreign donors, the lack of availability of domestic funds for NGOs leaves them no choice but to seek foreign funding. Indeed, several grantees interviewed for the purpose of this study were highly critical of their donor and its agenda.

Most activists had rather critical views of governmental donors' **support to GONGOs**. Many donors work closely with semi-governmental institutions such as the National Councils for Human Rights, Women, Childhood etc., with different rationales. Many donors deliberately try to always partner with a governmental or semi-governmental body in order to prevent problems and suspicions of a 'foreign agenda' both in the regime and among local counterparts and project participants/beneficiaries. Some donors believe that supporting GONGOs is the way to get a foot in the door, others see it as a confidence-building measure and others believe funding GONGOs will buy them the government's approval when it comes to supporting some of the more controversial independent groups. In some cases, donors fund GONGOs or even SSI-set up organisations unconsciously, believing them to be independent NGOs. Civil society activists largely criticise donors' focus on GONGOs, and in particular the large amounts of funding that they allocate to them. Many believe that some donors' hope that collaboration with GONGOs will buy them the government's trust is naïve. Another criticism was aimed at foreign donors' demand for transparency from NGOs, when they themselves are not fully transparent with regard to the funds allocated to GONGOs. Activists were also critical towards donors who have special agreements with the government concerning NGO funding, either for historical reasons or because of government pressure. The Ford Foundation, for example, has an agreement that obliges them to obtain approval from the Ministry of Foreign Affairs for all grant proposals they receive (although they are almost always conceded). Small organisations with few resources and limited leverage such as the German party foundations argue they can only operate in the space conceded to them by the SSI, and depend on good relations with the government. Indeed, a few foreign organisations that have crossed 'red lines' have been asked to halt their activities.

The National Council for Human Rights (NCHR) gets credit from NGOs for being helpful in some areas, but at the same time its position in the middle ground between the government and NGOs prevents it from efficiently defending human rights and civil society. Many NGOs consider the NCHR as an intermediary to deliver a message to the government. International aid agencies give a lot of money to the NCHR, but whether or not they should was a controversial topic among activists. While only a minority believes that NCHR funding is counterproductive or even harmful, there is a consensus among independent NGOs that the large sums allocated to the NCHR could have a greater impact if given to actors independent from the government. Activists also emphasise that in the case of GONGOs in particular, a tight Monitoring and Evaluation is crucial for aid efficiency and impact. Among the donors that have provided funding to the NCHR were the EC, Spain's AECID, Sweden's SIDA, Norway, USAID, UNDP, and the Netherlands. According to the NCHR, foreign donors provide financial support, but there is no active involvement in design or implementation of projects. Most activists would like to see donors shift funds from GONGOs such as the NCHR to real NGOs, as the former already have plenty of public money and – unlike real NGOs – do not need extra funds.

Another closely-related factor that reinforces concentration on a certain group of actors is some donors' **self-imposed NGO funding constraints**. The possession of a legal status is a precondition for eligibility for grants from practically all donors. However, donor positions vary greatly as to whether they fund organisations of any legal form, or only associations registered under the Egyptian Associations Law (Law 84 / 2002). What initially seems like a legal detail is in fact key to the funder's overall approach. Registration under Law 84 is

controlled by the Ministry of Social Solidarity. In spite of a nominal regime of mere declaration, in practice applications by unregistered organisations are routinely either rejected or not recorded in the first place, leaving the organisation in a legal vacuum, often for years. Those organisations that have managed to get registered under Law 84 sanction the de facto control of the Ministry of Social Solidarity, including clearance of funding. Either in order to circumvent such control, or in order to get out of the legal vacuum caused by non-consideration of their registration attempts, many NGOs working on more politically delicate issues have therefore registered under other legal forms (as a civil company, law firm etc.). The government, trying to close this legal loophole and maintain full control over civil society funding, has been pushing key donors to fund only NGOs registered under Law 84. Some major donors such as USAID have given in to this pressure. In practice, this means that USAID can only fund NGOs that have government approval, which equals the acceptance of a de facto governmental funding clearance. Even worse, other donors see USAID as an example and may also bow to the government's pressure. Other major governmental donors have been rather ambiguous about the issue, or channel the bulk of their assistance through governmental channels anyway (for example the European Commission). Most non-governmental donors, who are politically freer and attract less attention, fund and work in principle with all kinds of organisations, no matter what their legal form. However, their funding levels are negligible compared to the big governmental funders. Donors must stop self-censorship, activists insist, especially as they have the option to forego diplomatic constraints by funding international non-governmental intermediaries who channel the money to independent NGOs. New amendments to the existing NGO Law that are currently being prepared by the government behind closed doors are widely expected to effectively restrict foreign NGO funding to organisations registered under Law 84. This would give the government absolute financial power over Egyptian civil society. Activists have therefore – mostly in vain – been urging international donors to insist on funding organisations of all legal forms and to adopt a tougher stance on the new NGO legislation vis-à-vis the Egyptian government.

The exclusion of Islamist actors from foreign donors' assistance programmes, and indeed, engagement efforts, remains a recurrent issue. It is widely known among donors that religious charities and NGOs and political movements with a religious reference are the ones with the strongest grassroots connection in the country. Any democratisation effort that aspires to build on popular grassroots mobilisation but that ignores the Muslim Brotherhood's broad popular Islamist constituency would likely be doomed to fail. In spite of this theoretical insight, the great majority of international donors stay clear of anything labelled 'Islamist'. In practice this excludes Islamist actors per se from their technical and financial support. Personal engagement is a no-go especially for governmental donors, not to speak of direct institutional support. The reasons for this are manifold. They include the regime's open opposition to such links, the still rather undifferentiated picture of Islamist actors among Western donors, the unpopularity of links and support to Islamist groups with European and US public opinion, and Islamists' frequent rejection of closer ties with Western actors for either ideological or security (auto-protective) reasons.⁵ Governmental donors engage with Islamist parliamentarians and some non-governmental activists on an ad-hoc, low-key basis, but remain carefully within the boundaries the Egyptian regime has drawn for them. Non-governmental (and especially non-grant making) donors did not face the same constraints as governmental ones, but most of them also stayed clear of this area. The few who did not almost surely got in trouble with the Egyptian authorities. None of the donors consulted for this study on democracy assistance confirmed any systematic institutional ties with Islamist organisations in Egypt.

There is a wide consensus among democracy activists that, given all the entrenched structural obstacles to democratic change in Egypt, and the country's role in the region that favours the status quo in domestic power structures, meaningful change is not expected in the short or mid-term. Many elder activists emphasise that they are working to pave the way for the next generation of leaders, and do not hope to see a real transition in their lifetimes. Activists emphasise that, given current power constellations in Egypt and in the region, effective democracy promotion needs to be in it for the long haul. Donors interested in impact should not seek quick fixes or 'success stories' to report to their capital and waste their time and effort pumping money into short-term endeavours such as monitoring elections. Instead, they should strategically combine a **long-term**

⁵ For further details see Kristina Kausch: 'Plus ça change: Europe's Engagement with Moderate Islamists', FRIDE Working Paper 75, January 2009.

institution building approach with the necessary diplomatic backup. At the moment there is no political will in Egypt for systemic democratisation, and there is little international actors and even the domestic opposition can do to change that. The Egyptian government is very reluctant when it comes to implementing substantial reforms, and Western governments' priority is stability, which they will not give up for the sake of Egyptian democracy. Many activists therefore believe that micro-level impact through training and capacity-building is actually the only real impact foreign aid donors can currently have. Any aid work must be geared towards empowering new actors and laying the groundwork for a future transition. In order to enable such a transition, external actors should also focus on helping to construct a truly independent judiciary, a strong parliament, and an informed public opinion. Long-term institution building may provide fewer fireworks and spectacular immediate results, activists say, but it is the only realistic way of achieving a sustainable impact. A donor focus on institution-building and on grassroots empowerment with a special emphasis on youth should be combined with diplomatic pressure to keep the public space open enough for diverging views and alternative political options to flourish.

A long-term focus of aid policies must not, however, serve as an excuse for not intervening in urgent matters and maintaining constant pressure at the bilateral diplomatic level. Foreign and development policies must pursue the same goals, although by different means. An overarching factor that weakens donor impact as a whole – and easily the most frequently stressed – is the weak **diplomatic backup** that democracy aid policies receive at the highest policy level. The marked policy incoherence of the US government in particular, but also the EU and its member states, is perceived among Egyptian democracy activists as a huge gap, or even a total contradiction of diplomatic discourse and declared aid goals. This creates not only an immense credibility problem for US and EU institutions active on the ground, but also undermines the potential impact of any political aid policies. International political and moral support is very important, simply because the Egyptian government has comparatively little need to be accountable to its domestic electoral constituencies. By contrast, the Egyptian government's survival depends in great part on the support of its international partners. The lack of diplomatic backup and moral support from US and EU government representatives was named by activists as the one outstanding, overarching obstacle to effective democracy assistance in Egypt. Obama's choice of Egypt as a venue for his 'speech to the Arab world' was also largely seen as confirming the new US government's increased focus on regional issues, away from stronger concerns of domestic political reforms in Egypt. Activists believe that external actors should exert pressure on the regime to provide the minimum conditions for local activism to flourish: stop the regime from closing (or prevent the opening) of newspapers and political parties, to issue licenses to TV and radio networks, to end the state of emergency, and to stop the harassment and locking up of activists. The way in which diplomatic support should best be exerted to maximise impact is controversial among democracy activists. Some believe that only open public criticism and pressure has enough weight to coerce the regime into action. Others think that avoiding direct confrontation by voicing criticism behind closed doors first is a more promising option, but must be followed by public pressure if low-key efforts remain ineffective. Egyptian civil society representatives often say that they wish for stronger public messages from foreign political leaders. Activists also point out that even if political moral support does not lead the government to implement concrete reforms, it protects them from government / SSI clampdowns.

In some instances, however, public foreign government support to specific activists or groups (such as to the judges' club) can also be unwanted as it may be harmful to the activists' reputation and domestic credibility. The 'foreign meddling' stamp is very hard to shrug off and provides the regime with a convenient platform for further harassment. On the other hand, when foreign pressure – both by governments and international organisations – leads to the release of an individual activist or the re-opening of a closed NGO, this often has a multiplier effect as it encourages others to become active and stand up for their convictions. International actors should not, however, limit their moral support to a few individual famous activists. Instead, a coherent, constant and firm diplomatic backup for democracy aid policies is needed at all levels of diplomatic dialogue.

While general attitudes towards the Bush era are rather negative, many activists refer to the Bush government's notable diplomatic pressure and moral support in Egypt as a success and think that US policies had a decisive role in the 2004/5 opening. By contrast, the Obama government's persistent silence on democracy issues has Egyptian activists increasingly worried, and is undermining the good impression many had of Obama when he came onto the scene as the 'anti-Bush'. Many in Egypt think that Obama has traded Egyptian democracy support for Egypt's support regarding Hamas/Palestine. The EU is considered to have 'few clear positions' – activists believe that the EU 'chooses not to believe that this nightmare of the neighbourhood is actually happening'. Differences among EU member states' approaches are seen at best in discourse. Both the US and EU display great policy incoherencies when comparing their own assessments of the state of democracy and human rights in Egypt (state department report and EU human rights fact sheets and country reports) to their actual policies. Both are open to discussions with local NGOs and receiving recommendations, but these never find their way into policy. A coalition of NGOs submitted a number of recommendations to the EU Commission Delegation in Cairo on the occasion of the tenth anniversary of the Barcelona process, which the Delegation forwarded to the Council, but no mention or substance of this appeared in the next EC progress report on political reforms in Egypt. Local NGOs were very depressed by this, commenting that 'Europeans say one thing in the media, but when we do our homework, they do not act'. The same applies to the conditionality elements contained in EU–Egypt agreements. Similarly, the US State Department regularly issues a great report on human rights, which appears to have no influence on their policies at all.

The lack of an **effective use of conditionality** by government actors was often lamented by activists in this regard. As mentioned above, the open pressure from the Bush administration is often cited as a significant factor in moving Mubarak to open the gates for reforms during 2004/5. There is a general sense of worry that Obama, having started off with grand gestures, has now begun 'letting us down' for the sake of regional stability. The massive (although decreasing) sums of money USAID pumps into the country do not appear to make a big difference. The EU, having several explicit conditionality elements integrated into its policies towards the Southern Mediterranean – such as the democracy clauses in its Association Agreements and the European Neighbourhood Policy's positive conditionality rationale –, is often criticised on this account for not delivering on its promises. Activists lament that, due to competing interests, EU member states choose not to make use of the organisation's leverage to put pressure on the Egyptian government. Many activists also take a negative view of the fact that if EU pressure is exerted, it is only behind closed doors. Some say 2004/5 has shown that only open pressure will make the government open up. The general feeling towards the EU is, however, mixed. Europe, and in particular the European Commission, is typically seen as a good listener with nice intentions, but which lacks substance and political clout. Many activists see this lack of delivery rooted in the regional context, in which US and EU competition for influence in the MENA gives the Egyptian government potential to manipulate and get what it wants (including aid) without compromising. Activists do not take the conditionality elements in EU-Egyptian agreements at face value, but assume that other tacit agreements between the EU and the Egyptian government outweigh the provisions of the formal agreements. For effective positive conditionality, activists say, the incentives the EU offers are not high enough, and only lead the regime to pretend to implement meaningful reforms. Mubarak, they assure, 'will not let anyone kick his regime's legs'.

The usefulness of conditioning economic aid to political reform is controversial among activists. Some attempts to push for it backfired. If interested in having an impact in democracy, some activists suggest that external actors should consider different types of democracy policies, unrelated to security or economic issues. Expectations must be realistic, and cannot ask the regime to choke itself. Realistic expectations must strike a balance with resisting jumping on the Mubarak bandwagon. In terms of forceful incentives, the government is very keen on strengthening and maintaining Egypt's regional role, in particular in playing an important role in the Arab-Israeli conflict. The fear of losing its key role in the region is almost an Egyptian obsession, especially since Saudi Arabia has begun using its oil money to gain influence in the region. Supporting Egypt in defending its role as a key player in the region is a huge incentive, better than economic aid. Aid conditionality in military aid, by contrast, is by some considered a no-go, as this would force the Egyptian government to diversify its arms funding sources and lead to a proliferation race in the region. Activists generally consider conditionality a very good idea in principle, but often see it as an unrealistic policy option, given that foreign governments actually want to stabilise the Egyptian government, not weaken it.

Illustrative Key Sectors

Election Monitoring

When asked which sectors donors should focus on to have an impact, civil society activists often mention election monitoring as a negative example. Most activists agree that election monitoring is potentially useful, but argue that donors' good intentions are often being translated in the wrong way. Effective donor coordination, especially in the field of monitoring elections has reportedly been largely absent so far, with major initiatives overlapping and even competing. Some activists stressed that foreign governments should put pressure on the regime to admit an independent international electoral observer mission. Many activists encourage donors to refrain from too strong a focus on monitoring elections, and instead to spend their time, effort and money on something more long-term. The reasons given for this are fivefold.

First, the impact of past election monitoring activities has been extremely limited. Donors consider the admission of electoral observers to the polling stations an 'amazing' success. Activists appreciate such precedents, but do not share donors' enthusiasm to the same degree. Financed by international donors, Egyptian civil society has already produced countless books, reports and lists of recommendations on elections, repeating the same recommendations. None of these have been taken into account. Even worse, activists say, the Egyptian government is now encouraging donor agencies to continue monitoring elections, to prove its democratic credentials. Instead of funding the production of further reports, foreign donors should make sure that the existing reports and recommendations are being taken into account in policy-making.

Second, the volume of funds and the low accountability mechanisms of past election monitoring endeavours have led to a number of notable corruption cases among NGO coalitions, and thus backfired both in terms of impact and civil society's reputation. Funds in election monitoring are harder to control and easier to misappropriate than in more complex mid-/long-term programmes. Subcontracting invoices for the training of 5000 electoral monitors are relatively easily produced. The combination of huge sums involved, easy opportunities to cheat and limited donor oversight is risky in a low per-capita-income country such as Egypt with no available sources of domestic funding. To some degree, donors have already reacted to this by adjusting allocations for election monitoring (for example, the European Commission funded the previous election with EUR 1 million, but will fund the coming one with EUR 150,000).

Third, election monitoring is often seen by Egyptian NGOs as an imposed agenda. Some Egyptian activists have shared with donors their view that the potential impact of election monitoring is negligible and that their money could be used much more effectively elsewhere. Donors, however, insist on funding this sector massively, despite the locals' assessment. Some activists suspect the reason for this is that the election day, which attracts global media attention, provides donors and governments with an easy opportunity to present 'quick results' at home.

Fourth, many NGO activists stress that election monitoring is not primarily a matter of money, but of expertise, efficiency and political backup. While funds are abundant, expertise and efficiency are limited and political backup absent. But there is also resistance within civil society to end the 'election business'. Smaller NGOs that have set up a coalition of volunteers to monitor local elections report hostile reactions from bigger NGO coalitions who interpret the cheap competition as an attempt to discredit the value of expensive election monitoring vis-à-vis the donors and destroy their business.

Fifth, election monitoring by civil society indirectly provided the regime with an extra excuse to further reduce the already very limited institutionalised election oversight mechanisms, and to allow new mechanisms according to international standards. After the 2005 elections, the regime cancelled the judges' observer mission, saying that observation was already being done by local civil society. The same argument is used by the regime to reject the admission of international electoral observer missions.

Many civil society activists therefore demand that if international donors are interested in a serious impact, rather than giving huge amounts of money away for election day, they should focus on voter education and mobilising communities, work with the Egyptian government on the legal framework of elections, and press for the admittance of an external independent electoral observation mission. Any aid work to strengthen elections should be long-term oriented, strengthen democratic institutions and insist that the regime leave enough space to allow for freedom of expression and association ('focus on long-term institution-building, and do not waste your time and money on monitoring the 2010/11 elections, which are not going to be democratic anyway').

Trade Unions and Labour Rights

The labour movement is currently considered by many as the most promising force for potential political change in Egypt. Others are more sceptical about the real potential of this movement. For the past few decades, the government has monopolised unions via the Egyptian Trade Union Federation, an umbrella structure that comprises the 23 trade unions and professional associations. The government controls internal processes and routinely interferes in union elections, often claiming that an Islamist takeover must be prevented. Unemployment and poor working conditions due to IMF structural adjustment and the privatisation of government-owned industries have been further aggravated by the impact of the global financial and economic crisis. Since the riots of April 2008, during which tens of thousands of textile workers across Egypt militated against working conditions and undemocratic representation, workers' mobilisation has become a massive, nationwide grassroots movement. Consciously staying aloof from political parties and more explicit political activity, slowly but increasingly the labour movement has started to voice demands not only concerning social and economic conditions but also political and civil rights. The workers' attempts to organise their own, independent institutional representation is fiercely opposed by the regime. However, the latter has so far tolerated massive workers' demonstrations and sit-ins to a degree unseen by the Muslim Brotherhood (who are Islamists) and Kefaya/Facebook activists (who demonstrate on an anti-Mubarak message).⁶ In 2008, the first independent union, off the Federation's radar, was founded by Real Estate Tax Collectors. The government has not yet permitted the independent union to register and obtain a legal status, which is a precondition for opening bank accounts, renting premises and developing activities. However, workers in several other sectors are planning to establish independent unions as well.

The Center for Trade Union and Workers' Services (CTUWS) is an influential NGO with a countrywide grassroots connection that plays a key role in the labour movement's demands to freely establish independent unions. The CTUWS was closed and its leader Kamal Abbas fined and sentenced to one year's imprisonment as the government blamed the NGO for provoking the strikes across Egypt. The CTUWS remained closed for one and a half years. Following a successful international campaign, the CTUWS was re-opened by an appeal court decision and finally registered under Law 84. CTUWS leaders ascribe this success to international pressure created by their tireless campaign, which 'left the government no choice'. Although not usually very active in supporting labour rights, the NCHR did intervene positively in the case of the CTUWS. NCHR President Boutros Boutros-Ghali raised the issue in public, and also spoke to the government about it. Crucially, however, the CTUWS was actively backed by Egyptian civil society at large, as most NGOs considered the case relevant to all civil society. During their period of closure, the CTUWS received a lot of international support. The organisation had previously won the French Republic Prize for Human Rights. When it got into trouble, the CTUWS appealed to the French government for help. The French could not refuse and agreed to help, but behind closed doors. The Embassy then talked to the government, with the supervision of the French MFA. The International Trade Union Confederation (ITUC) also played a big role, sending letters to the President's office and so on. The EC also issued solidarity statements and sent a letter to the government. The ITUC raised the issue to the International Labour Organization (ILO) in its annual meeting. All this external pressure was very helpful as it led the government to allow the CTUWS to re-open, and even register. Some observers consider the case of the CTUWS a big success; others are more wary and believe it to be yet another expression of the regime's strategy of issuing a liberal gesture in one emblematic case, while enhancing repression of the overall movement below the surface.

⁶ See also Saif Nasrawi, 'The Political Edge of Labor Protests', Arab Reform Bulletin, Carnegie Endowment for International Peace, November 2009.

Beyond specific emblematic cases such as the CTUWS' closure, international actors' involvement in this nascent sector of mobilisation has been minimal, and limited to low-key technical assistance and occasional diplomatic support behind closed doors. Direct financial support to the labour movement is off limit for most donors, but also not necessarily wanted. The CTUWS has been receiving financial support from Oxfam Novib. Technical support has been provided by a number of other organisations including Oxfam, Christian Aid, the Solidarity Center, and some EU member states. The CTUWS mainly works with volunteers and does not have high expenses; it mainly requires technical assistance. A few international actors that traditionally focus on labour rights are active in Egypt, including the Solidarity Center and the Friedrich Ebert Stiftung. The latter only works with the official trade unions, and any attempt to work directly with the independent labour movement would lead to harsh opposition and restrictions to the FES' work by the regime. When at a FES event on the trade union law, participants came up with the idea of founding an independent union, and the government blamed the FES for it. The FES now concentrates on the relatively dynamic syndicates in the official Union Federation, but admits that, given the entrenched, undemocratic structures and legislation, impact potential is rather low. CTUWS activists ascribe the FES' reluctance to get institutionally involved with them to the CTUWS' conflictive relationship with the government. Some labour rights activists compare the current labour movement developments in Egypt with developments in Eastern Europe after the fall of the Berlin Wall (collapse of public sector, changed work conditions and unemployment after the wave of privatisation, and resulting workers strikes/mobilisation). European Trade Unions supported Eastern European workers in organising and founding unions: similar support to the Egyptian labour movement would be appreciated. Technical assistance and moral support are the main ways in which international actors can help the independent labour movement. International actors' closer involvement with the independent labour movement or independent unions (including financial assistance) is likely to be counterproductive, however, as direct involvement in such a politically sensitive and dynamic sector would immediately lead to 'foreign meddling' accusations and thus turn the labour movement into an easy target for the regime.

Conclusion

The factors that, according to local democracy stakeholders, weaken the impact of international democracy assistance to Egypt can be put into three categories. First, structural elements in the Egyptian national set-up for example legal or administrative obstacles that limit impact potential. Second, technical and procedural factors inherent to international donors' programming such as funding levels, allocation mechanisms, monitoring and evaluation, bureaucracy, language, capacities. Third and most importantly, factors that stem from the overarching foreign policy rationale and priority setting of the respective donor, outside of the development cooperation framework (for example policy incoherencies, lack of diplomatic backup, credibility issues). Compared to factors rooted in the greater strategic foreign policy rationale, technical programming issues require relatively little effort to resolve, as long as their adjustment aims to approximate actions on the ground to the donor's actual overarching policy rationale. However, major inconsistencies at the programming level of international donors in Egypt appear not to be contrary to the greater foreign policy rationale, but actually form part of it. As cynical observers would remark, key factors in donors' democracy assistance programming to Egypt are not neglecting impact by mistake, but by design, or at least 'benign neglect'.

Democracy programmes and funding by international governmental donors nominally meant to strengthen democracy hardly scratch the surface of the entrenched Egyptian authoritarian power structures. For Egyptian activists, the reason for this is clear: Western governments' and the Egyptian government's overarching interests match. Both sides want to keep the Mubarak regime stable, implement a minimum political liberalisation and broad economic and social modernisation, and avoid Islamist rule by any means. Many smaller, non-governmental agencies that are doing a notable job in providing Egyptian activists with small grants and technical assistance do not share this vision. These donors' assistance volume and political influence, however, is far too minor to have a decisive impact against the tacit intergovernmental stability alliance. Western governments' vision of Egypt as a regional trade and security hub turns out to be the Egyptian government's well-played Ace card. And hence, Egyptian democracy falls victim to the Mubarak regime's geopolitical indulgences.

Appendix: Country Report Methodology

Scope and aims of this report

This report assesses external democracy assistance in one country according to the views of local democracy stakeholders.

The report does not aspire to provide an exhaustive record of external democracy assistance to the country in question. Neither does it aspire to be a representative survey among local civil society at large. The scope of this project allows reports to provide only a rough sketch of external democracy assistance to the country assessed, and of the tendencies of local civil society activists' views on the latter.

Sample of interviews

The report's findings are based on a set of personal interviews that were carried out by the author between spring and autumn 2009.

For each country report, between 40 and 60 in-country interviews were carried out. The mix of interviewees aimed to include, on the one hand, the most important international donors (governmental and non-governmental, from a wide range of geographic origins), and on the other hand, a broad sample of local democracy stakeholders that included human rights defenders, democracy activists, journalists, lawyers, political party representatives, women's rights activists, union leaders and other stakeholders substantially engaged in the promotion of democratic values and practices in their country. Wherever possible, the sample of interviewees included representatives from both urban and rural communities and a selection of stakeholders from a broad range of sectors. While governmental stakeholders were included in many of the samples, the focus was on non-governmental actors. Both actual and potential recipients of external democracy support were interviewed.

Donors

The term 'donor' is here understood as including governmental and non-governmental external actors providing financial and/or technical assistance in the fields of democracy, human rights, governance and related fields. Among all the donors active in the country, authors approached those governmental and non-governmental donors with the strongest presence in this sector, or which were referred to by recipients as particularly relevant actors in this regard. An exhaustive audit of all the donors active in this field/country is not aspired to as this exceeds the scope of this study. While many donors were very open and collaborative in granting interviews and providing and confirming information, others did not reply to our request or were not available for an interview within the timeframe of this study. While we sought to reconfirm all major factual affirmations on donor activities with the donors in question, not all donors responded to our request.

We do not work to a narrow or rigid definition of 'democracy support', but rather reflect donors', foundations' and recipients' own views of what counts and does not count as democracy assistance. The fact that this is contentious is part of the issues discussed in each report.

Anonymity

External democracy assistance to local activists is a delicate matter in all the countries assessed under this project. It is part of the nature of external democracy assistance that local non-governmental recipients, especially when openly opposed to the ruling establishment, fear for their reputation and safety when providing information on external assistance received to any outlet that will make these remarks public. In a similar vein, many donor representatives critical of their own or other donors' programmes will fear personal consequences when these critical attitudes are made public on a personal basis. In the interest of gathering a maximum of useful information from our interviewees and safeguarding their privacy and, indeed, security, we have ensured that all interviewees who requested to remain anonymous on a personal and/or institutional basis have done so.

Interview methodology

In order to carry out field work, authors were provided with a detailed research template that specified 7 areas of focus:

1. A brief historical background and the state of democracy in the country;
2. A short overview of donor activities;
3. A general overview of local views on impact of democracy aid projects on the micro, meso and macro levels (including best practices and variations of the local and international understandings of the concept of 'democracy');
4. Local views on specific factors that have weakened the impact of democracy aid;
5. Local views on diplomatic back-up to aid programmes (including conditionality; diplomatic engagement; donor coordination; relevance, quality, quantity and implementation of programmes, etc.);
6. An illustration of the above dynamics in one or two key sectors of support;
7. A conclusion outlining the main tendencies of local views on external democracy assistance.

Along these lines, semi-structured one-on-one interviews were carried out by the authors in the country between spring and autumn of 2009.

Key sectors of support

Transitions to democracy are highly complex political, economic and social processes. No study of this scope could aspire to fully justice to them, or to external assistance to these processes. Aware of the limitations of our approach, we have encouraged authors to let their general assessment of local views on external democracy support be followed by a closer, slightly more detailed assessment of the dynamics in one or two key sectors of support. These were chosen by the respective authors according to their estimated relevance (positively or negatively) in the current democracy assistance panorama. In none of the cases does the choice of the illustrative key sectors suggest that there may not be other sectors that are equally important.